

No. 15495  
IN THE  
**United States Court of Appeals**  
FOR THE NINTH CIRCUIT

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SLEEPER LOUNGE COMPANY, a co-partnership, consisting  
of Charles Kunzelman and James A. Anderson,  
*Appellants,*

*vs.*

BELL MANUFACTURING COMPANY, a corporation,  
*Appellee.*

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**APPELLEE'S BRIEF.**

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## APPELLEE'S BRIEF.

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### I.

#### STATEMENT OF PLEADINGS AND FACTS.

##### A. Jurisdiction.

The jurisdiction of the District Court is based on 28 U. S. C. 1338 giving the District Court original jurisdiction of any civil action relating to trademarks and also any claim of unfair competition when joined with a claim under the trademark laws.

This Court has jurisdiction of the appeal under the provisions of 28 U. S. C. 1291.

##### B. Facts of Appeal.

The District Court at the conclusion of the trial, after submission of briefs [R. 3 and R. 8] rendered its decisions and findings of fact, conclusions of law, and judgment on December 10, 1956 [R. 15], from which defendants filed a Notice of Appeal [R. 20] on January 9, 1957.

## II. STATEMENT OF THE CASE.

The appellee's predecessor, Joseph D. Bell, was the inventor and holder of a considerable number of patents relating to reclining chairs, convertible chair beds, and other furniture of a similar type [R. 122]. Mr. Bell engaged in the manufacture and sale of such furniture and decided, prior to 1940, to adopt and use the trademark "WONDER CHAIR," and he and his successors have since used the mark continuously in interstate commerce in connection with reclining chairs, convertible chair beds, and furniture in a similar descriptive category.

On May 14, 1940, Mr. Bell secured registration of the trademark "WONDER CHAIR" in the United States Patent Office under the Trademark Act of February 20, 1905, as set forth on Certificate No. 377,725 [Ex. 11], disclaiming the word "CHAIR." Registration under this act indicates that the Patent Office considered the mark a technical or non-descriptive mark.

On September 14, 1948, appellee republished the mark to bring the same within the provisions of the new Lanham Trademark Act of 1946, Section 12(c), 15 U. S. C. 1062C. On March 15, 1954, appellee filed its affidavit under Sections 8 and 15 of the new Trademark Act, 15 U. S. C. 1058 and 15 U. S. C. 1065, thereby making the mark incontestable.

These facts are of record in Appellee's Exhibit 11 and have not been contested by appellants.

In 1954, as early as August 31st [R. 13], the appellants began using the trademark "WONDER BED" in connection with the sale and advertising of their Sleeper

Lounge product. Appellants extensively and prominently [R. 13] displayed and used the mark in advertising and in association with their product. Appellants used the mark "WONDER BED" in a distinctive manner prominently blocked, out of syntax, in a different type, and apart from the normal description of the goods [Exs. 16, 17 and 18]. Appellants were promptly notified by appellee of the infringement [R. 7], but refused to stop the infringement and continued in such wrongful and intentional use until at least January, 1956 [R. 75].

### III.

#### ARGUMENT.

##### A. Summary.

The appellants have raised the issue of validity of the appellee's trademark, the scope of protection afforded the mark, the question of infringement, and award of damages and attorney's fees. The appellants have further discussed the effect of the incontestability provisions, which actually relates to the scope of protection to which the mark is entitled.

In the following arguments, appellee will discuss the validity of appellee's mark "WONDER CHAIR" including sub-paragraphs relating to the scope and incontestability of the mark, as interpreted in accordance with the Lanham Trademark Act of 1946.

The question of infringement and the alleged defenses of appellants will be discussed under the argument so entitled, and the question of damages and attorney's fees will be separately set forth as in appellants' brief.

## B. Validity of Bell's Trademark.

### 1. Section 15, Lanham Trademark Act of 1946, 15 U. S. C. 1065.

Section 15 provides that the right of the registrant to use a mark in commerce for the goods or services on or in connection with which the registration has been in continuous use for five consecutive years subsequent to the date of registration and is still in use in commerce shall be *incontestable* providing that an affidavit is filed with the Commissioner within one year after the expiration of such five-year period. The only exception pertinent to the present action set forth in this section is that "no incontestable right shall be acquired in a mark or trade name, which is *the common descriptive name* of any article or substance, patented or otherwise." (Emphasis added.)

It is apparent that the word "WONDER" is not the common descriptive name of any article or substance, and that, therefore, appellees have acquired an incontestable right to the use of the mark for the goods to which the registered mark has been applied. Appellants have studiously sidestepped this question (see App. Br., top of p. 17 and middle of p. 6).

### 2. Scope of Protection.

The appellants throughout their brief have made reference to the scope to which a mark is entitled (App. Br. p. 7) and descriptive characteristics of trademarks (App. Br. pp. 13-15).

In this respect, the appellants refer to a number of cases in which the words "Imperial," "Standard," and

“Royal” were held descriptive, *in the absence of proof of secondary meaning*. The phrase “secondary meaning” is not mentioned in the Lanham Trademark Act of 1946, but has been given much more substantial effect by the use of the term “incontestability,” the latter coming into effect on very much the same grounds as the development of secondary meaning, that is, *through long continued and undisturbed use*.

Since the question of descriptiveness is of questionable pertinence to the present action, in view of the fact that “WONDER” is not the common descriptive name of an article or substance, it is not believed necessary to this argument to cite numerous cases which would support the appellee’s position without the rights afforded appellee by the incontestability provision of 15 U. S. C. 1065.

However, it is of interest to note the case of *Laskowitz v. Marie Designer, Inc.*, 119 Fed. Supp. 541 (D. C. S. D. Cal. 1954), in which it was held that the mark “Contour” when used in connection with the disclaimed words “Chair Lounge” was a valid trademark. Certainly, the word “Contour” is considerably more descriptive than the word “WONDER.” See also *National Lead Company v. Wolfe*, 223 F. 2d 195, in which the court quotes with approval:

“‘The American Girl’ would be descriptive of almost any article of manufacture, as of shoes; that is, to say not descriptive at all.”

The same reasoning would certainly apply to the mark “WONDER.”

## C. Infringement and Alleged Defenses.

### 1. Infringement.

The evidence establishes the fact that appellees have the right to recovery for infringement on each of three grounds, each of said grounds being separately sufficient to bring about injunctive relief and damages. Appellee's rights in this regard are set forth in Section 32(1) of the Lanham Trademark Act of 1946, 15 U. S. C. 1114(1); Section 33(B) of the Lanham Trademark Act of 1946, 15 U. S. C. 1115(B), and on the basis of the equitable principles of unfair competition, 28 U. S. C. 1338. Each of these three separate grounds of recovery will be discussed.

#### (a) LANHAM TRADEMARK ACT OF 1946—SECTION 32(1) 15 U. S. C. 1114(1).

Under the general infringement provisions of Section 32(1), infringement exists if appellants are using a "colorable imitation" of plaintiff's trademark in such a manner as to cause likelihood of confusion to the purchasing public.

It is apparent that the word "WONDER," as used by appellants, is not only a "colorable imitation" but goes beyond the requirements of the statute and is *an exact copy* of the mark as used by appellee. The statute does not state that the infringing use must be a trademark usage, but merely that there be a use of a "reproduction, counterfeit, copy or colorable imitation of any registered mark in connection with the sale, offering for sale, or advertising of any goods or services. . . ."

With respect to the element of likelihood of confusion or mistake, it is to be noted that 15 U. S. C. 1114(1) does not specify identity or similarity of goods, but only *likeli-*

*hood of confusion.* The question of likelihood of confusion necessarily depends on many factors including the type of products involved, the manner of distributing the products, and the similarity of the trademarks. In this case, the trademarks are identical [Exs. 17 and 19]: the products are distributed in the same manner—on a factory-to-you basis—and the products are similar in that they function in the same manner, are used for the same purpose, are bought by the same class of people [R. 146 and R. 79], and fall within the same descriptive category. In addition, the products are advertised in the same newspapers [R. 13, 132]. Certainly, if a purchaser were to buy a product from appellants with the trademark “WONDER BED” marked thereon, and if the product turned out to be defective, the natural result would be that the purchaser would conclude that the “WONDER CHAIR” product of appellee was similarly defective, with a consequent loss of business to appellee. (See *Pan-American World Airways v. Clipper Van Lines* (D. C. N. Y. 1951), 98 Fed. Supp. 524.)

Even assuming that the products of appellants and appellee are not identical, for infringement and unfair competition to exist, it is only necessary that they be sufficiently similar to make confusion likely. (See *G. B. Kent & Sons, Ltd. v. Paul Lorillard Co.* (D. C. N. Y. 1953), 114 Fed. Supp. 621, affirmed 210 F. 2d 953.)

(b) LANHAM TRADEMARK ACT OF 1946—SECTION 33(B), 15 U. S. C. 1115(b).

This section of the Lanham Trademark Act provides that once a registered mark has become incontestable under Section 15, as heretofore argued, the Certificate shall be *conclusive* evidence of the registrant’s *exclusive* right to use the registered mark in commerce on or in connec-

tion with the goods or services specified in the Certificate. The goods specified in the Certificate [Ex. 11], are reclining chairs or convertible chair beds. (Emphasis added.)

Thus, the effect of Section 33(B) is to give appellee the *exclusive right*, to the exclusion of everyone else, to use the mark “WONDER” in connection with reclining chairs and convertible chair beds.

It is to be noted that appellants, in their main leaflet or promotional brochure [Ex. E] describe their goods variously as “SLEEPER LOUNGE,” “*Contour Chair*,” “HOLLYWOOD BED,” and “STUDIO COUCH.” (Emphasis added.) In fact, the principal witness for appellants testified that their product could assume the position of a contour chair [R. 83], thus buttressing the statement in the advertising to this effect.

It is further obvious from a comparison of Appellee’s Exhibits 17 and 19 that appellants’ product functions as both a reclining chair and as a convertible chair bed in exactly the same manner as appellee’s product.

Thus, it is clearly evident that appellants’ product falls within the “goods specified” in appellee’s trademark certificate.

Certainly, if appellee has established an exclusive right to a particular mark with respect to a particular category of goods, in accordance with Section 33(B), then the court rightfully has the authority to enjoin others from using the same mark with respect to the specified goods.

(c) UNFAIR COMPETITION 28 U. S. C. 1338.

Although appellee is primarily basing infringement on the statutory provisions of the Lanham Trademark Act of 1946, it is clear that the appellants have also unfairly competed with appellee. Thus, in using the trademark

“WONDER BED” in conjunction with the phrase “SLEEPER LOUNGE,” the advertising and labels of appellants tend to establish in the public mind the fact that the “WONDER” type of lounge product is manufactured by the appellants. It is clear, therefore, that the appellants as latecomers are unlawfully endeavoring to take advantage of the goodwill appellee has established in the trademark “WONDER CHAIR” as a result of appellee’s continuous use of this trademark for nearly twenty years in conjunction with advertising and labels on appellee’s reclining chairs and convertible chair beds. In *National Lead Company v. Wolfe, et al.*, 223 F. 2d 195, U. S. C. A. 9th Cir., decided May 17, 1955, it is stated:

“Where a latecomer deliberately copies dress of his competitors already in the field, there is a presumption that customers are deceived thereby and the latecomer must prove that effort at deception has been futile.”

## 2. Alleged Defenses.

Relative to likelihood of confusion, the appellants have attempted to assert that because appellees have used the name “BELL” *superimposed* above the trademark “WONDER CHAIR” and because the appellants have used the name and descriptive phrase “SLEEPER LOUNGE” above their trademark “WONDER BED” that the word or name “BELL” should be construed as part of appellee’s mark, and that the name or descriptive phrase “SLEEPER LOUNGE” should be construed as part of the appellants’ trademark. It is to be emphasized, however, that the purpose of the trademark is to establish in the public mind the origin of the source of the goods (15 U. S. 1127); and consequently, it is conventional advertising practice and legally desirable to include the manufac-

turer's name as well as the trademark involved on all advertising matter and labels in order to bring an association in the prospective purchaser's mind linking the trademark with the manufacturer. Furthermore, as Mr. Kunzelman (the principal witness for appellants), admits on page 82 of the record, Sleeper Lounge partially describes the goods in that "You can sleep in it and lounge in it." Consequently, it is evident that the dominant portion of appellants' phrase "SLEEPER LOUNGE—THE WONDER BED," if two superimposed phrases can be considered as an entity, resides in the mark "THE WONDER BED."

Section 33(B) provides as a defense thereto a provision whereby the exclusive right will not be upheld if the infringing use is *otherwise than as a trade or service mark . . . "which is descriptive of and used fairly and in good faith only to describe to users the goods or services of such party. . . ."* (Emphasis added.) A mere glance at Appellee's Exhibits 16, 17, and 18 illustrating advertisements of appellants will establish the fact that appellants do not use the mark "WONDER BED" in good faith only to describe to users their goods or services. Furthermore, it is evident by an examination of these exhibits, and from the testimony of Mr. Kunzelman (*supra*), that the phrase "SLEEPER LOUNGE" is the descriptive portion of their advertisement and that the words "WONDER BED" are used as a trademark.

Appellants have further endeavored to avoid the incontestability provisions of Sections 33(B) by stating that they merely manufacture "a mechanized substitute for a

box spring mattress” [R. 63-64]. However, it is to be noted that this description is not used anywhere in any of the advertisements of appellants.

With respect to the effect of Sections 15 and 33 of the Lanham Act, the appellants have urged that incontestability is merely a defensive weapon and not an offensive one, citing *Rand McNally Co. v. Christmas Club* (June 14, 1955), 105 U. S. P. Q. 499. Although the facts of the *Rand McNally Co.* case are entirely distinguished from the present case, it is not appellee’s contention that Section 15 provides appellee’s with “an offensive right.” It is agreed that this section merely refers to “the right to use” and might be construed as conferring a mere defensive right. However, in the event of infringement litigation, a different case is presented, and Section 33(B) applies which specifically provides if the right to use the registered mark has become incontestable under Section 15, the Certificate shall be *conclusive evidence* of the registrant’s *exclusive* right to use the registered mark in commerce on or in connection with the goods or services specified in this certificate. Certainly, the words “exclusive right” mean the right to exclude, which is an offensive weapon. See also Mrs. Daphne Leeds’ comments, now Assistant Commissioner of Patents, in charge of Trademark Operations, 15 U. S. C. A., pages 268 and 279, *re* substantive effect of the Lanham Trademark Act of 1946.

#### D. Damages.

With respect to the innocent usage of the mark, alleged by appellants in their brief, on page 23, it is to be noted that the appellants commenced the use of the mark somewhere along about the middle of the year 1954 [R. 91] and did not discontinue the use of the mark until on or after January, 1956 [R. 75]. On the other hand, as admitted by Mr. Kunzelman [R. 91], the appellants received notice within approximately one month after they had published their ads, and despite this notice, they continued the use of the mark for over one year. Certainly, there was an intentional and wrongful use of the mark. In fact, even before the date of notice, Mr. Kunzelman [R. 72] knew of Bell Manufacturing Company and knew they were making a specialty chair. Furthermore, he admits [R. 73] that he “undoubtedly saw” the trademark “WONDER CHAIR” of appellee before adopting the same mark for appellants. Again, it is apparent that appellants’ use of their mark “WONDER CHAIR,” even in the initial stages, was not innocent.

Section 35 of the Lanham Trademark Act (15 U. S. C. 1117) provides in part:

“If the Court shall find that the amount of recovery based on profits is either inadequate or excessive, the Court may in its discretion enter judgment for such sums as the Court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty.”

Thus, the court had the right to enter a judgment for damages regardless of whether profits or losses have been shown, in its own discretion, with respect to the circumstances of the case.

Even though the court in its proper discretion, chose a figure of one thousand dollars (\$1000.00) it is apparent that the figure is nominal in view of the extensive sales of appellant [R. 79].

See Callman, "Unfair Competition and Trademarks," 2nd Ed. page 1884, wherein it is stated:

"In all cases it is a cardinal rule that the assessment of damages is at the discretion of the Court. The harm resulting from unfair competition can seldom be estimated with even approximate precision, but this is not fatal to the plaintiff's case."

### **E. Attorney's Fees.**

It is agreed with counsel for appellants that until relatively recently counsel fees have not been awarded in trademark cases.

However, it is to be noted in Callman, "Unfair Competition and Trademarks" (2nd Ed.), Vol. IV, page 1903, in the conclusion of his section on "Remedies," the author states:

"Courts should, however, adopt a more liberal attitude with respect to the allowance of counsel fees and other expenses necessary to the successful conduct of a lawsuit, which in the field of industrial property and unfair competition is anything but simple or usual."

More recent cases have tended to follow Mr. Callman's expressed opinion. (See Callman, "Unfair Competition and Trademarks" (2nd Ed.), Vol. IV, 1956 Cumulative Supplement, page 27; *Capehart v. Lund*, 107 Fed. Supp. 10 (D. C. Alaska 1952); *Keller Products, Inc. v. Rubber Linings Corp.*, 213 F. 2d 382 (C. A. 7, 1954).)

Again, although admittedly the court was arbitrary in assessing the amount of attorney's fees, it is clearly evident that the figure of five hundred dollars is extremely nominal. Furthermore, even assuming the damages of one thousand dollars (\$1000.00) were combined with the five hundred dollars attorney's fees to bring the attorney's fees to fifteen hundred dollars, it will be appreciated that the appellees assumed most of the expense in protecting their well established trademark against an intentional infringer. Certainly, it was within the court's discretion, particularly in view of the willful infringement, to award these nominal sums.

#### IV. CONCLUSION.

To conclude, appellee adopts the trademark "WONDER" in good faith, enjoys the exclusive right and use of it for sixteen years, and takes all necessary and available legal steps to maintain his rights. Then after years of such exclusive use, appellants as a newcomer use the same mark on substantially the same goods, in the same trade, in the same city, and in the same advertising media. The ordinary businessman would certainly begin to doubt the purpose of our Trademark System, if no effective protection could be obtained under these circumstances.

It is, therefore, respectfully submitted that the Trial Court should be affirmed in all respects.

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